

COMMISSIONERS
JEFF HATCH-MILLER - Chairman
WILLIAM A. MUNDALL
MARC SPITZER
MIKE GLEASON
KRISTIN K. MAYES

BRIAN C. McNEIL
EXECUTIVE DIRECTOR

ORIGINAL



0000053124

1: PHOENIX, AZ 85001
TELEPHONE: (602) 542-4242
FAX: (602) 594-7470
E-MAIL: securitiesdiv@azcc.gov

ARIZONA CORPORATION COMMISSION

MEMORANDUM

TO: Jeff Hatch-Miller, Chairman
William A. Mundell
Marc Spitzer
Mike Gleason
Kristin K. Mayes

FROM: Matthew J. Neubert *Matthew J. Neubert*
Director of Securities

DATE: May 12, 2006

RE: Settlement with Paul Meka a Defendant in the American National Mortgage Partners, L.L.C. matter, CV2003-005724

CC: Brian C. McNeil, Executive Director

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S - 03491A - 03 - 0002

The Commission filed a civil matter against American National Mortgage Partners, L.L.C. et al. ("ANMP") including Paul and Carol Meka on March 25, 2003 in Maricopa County Superior Court. The Commission sought and obtained a Receiver to take control of the companies and assets.

Paul Meka was a salesperson with ANMP and its predecessor company, Creative Financial Funding, L.L.C. (Docket No. S-03469A-01-0000). Meka is subject of a Commission Order relating to his position with Creative Financial Funding, L.L.C. et. al, Decision number 64653. Meka paid the penalty in full.

Meka has agreed to the proposed settlement with the Commission attached to this memorandum. Meka agrees to a permanent injunction from violating the Arizona Securities Act, he has agreed to disgorgement of commissions and fees in the amount of \$81,000 (funds will be turned over to the Receiver to be paid to investors), Meka will pay a civil penalty of \$20,000 for violating a previous Commission order and pay a civil penalty of \$30,000 reduced to \$19,000 if the disgorgement is paid within six months.

This settlement would resolve the matter between the Commission and Defendant Paul Meka.

(Originator: Wendy Coy)

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

JEFF HATCH-MILLER, Chairman
WILLIAM A. MUNDELL
MARC SPITZER
MIKE GLEASON
KRISTIN K. MAYES

In the matter of:	)	Docket No. S-03491A-02-0000
)	
PAUL J. MEKA and CAROL MEKA,	)	SETTLEMENT AGREEMENT AND
husband and wife	)	ORDER RE: SAME BY: PAUL AND
10038 North 58 th Place	)	CAROL MEKA
Scottsdale, AZ 85253)	
)	
Respondents.)	

I. SETTLEMENT AGREEMENT.

1. Plaintiff, the Arizona Corporation Commission (“Commission”), and Defendants Paul J. Meka and spouse Carol Meka (“Meka”), parties in the case of *Arizona Corporation Commission v. American National Mortgage Partners L.L.C. et al.*, Maricopa County Superior Court No. CV2003-005724 (the “lawsuit”), desire to resolve the portion of the lawsuit involving them and thus enter into this Settlement Agreement (“Agreement”).

2. In settlement of the lawsuit, Meka elects to permanently waive their right to a trial of the lawsuit. Meka admits the jurisdiction of the Superior Court over the subject matter of this lawsuit.

3. Meka consents to the entry of the Proposed Judgment attached as Exhibit B to this Agreement.

4. Meka neither admits nor denies that he offered and sold interests through ANMP while the interests were not registered and Paul J. Meka was not registered to offer and sell securities violating A.R.S. §§ 44-1841, 1842 and 44-2032.

5. Meka neither admits nor denies that he violated A.R.S. §44-1991, either directly or indirectly, when he offered and sold interests through ANMP. The Commission alleges that Meka

1 employed devices, schemes or artifices to defraud, made untrue statements of material fact or omitted
2 to state material facts which were necessary in order to make the statements made not misleading in
3 light of the circumstances under which they were made and/or engaged in any transaction, practice or
4 course of business which operated or would operate as a fraud or deceit when Meka offered and sold
5 interests through ANMP.

6 6. Paul J. Meka acknowledges that he was the subject of a prior Cease and Desist Order
7 of the Commission, Docket No. S-03469A-01-0000, Decision No. 64653.

8 7. Meka, pursuant to A.R.S. § 44-2032, agrees that they shall permanently be enjoined
9 from violating the Securities Act.

10 8. Meka and the marital community of Paul J. Meka and Carol Meka agree to entry of
11 judgment against it of \$81,000 in disgorgement of commissions and trustee fees.

12 9. Meka agrees that the funds paid for disgorgement will be turned over to the
13 Receiver assigned to this matter and will be used to fund restitution to investors. If at the time
14 Meka pays the disgorgement amount, the Receiver has already fully repaid investors for their
15 losses, Meka's repayment would then go to the state of Arizona general fund.

16 10. Pursuant to A.R.S. § 44-2037, Meka and the marital community of Paul J. Meka
17 and Carol Meka agree to pay a civil penalty of \$30,000. The civil penalty will be reduced to
18 \$19,000 if disgorgement and penalties are paid within six months from the date of this order.

19 11. Pursuant to A.R.S. § 44-2032(1)(a), Meka and the marital community of Paul J.
20 Meka and Carol Meka agree to pay \$20,000 for contempt of a previous Commission order, Docket
21 No. S-03469A-01-0000, Decision No. 64653 related to prior but similar activities.

22 12. Meka acknowledges that they have been fully advised of their right to a trial to
23 present evidence and call witnesses and Meka knowingly and voluntarily waive any and all rights
24 to a trial of this matter.

1 13. Meka knowingly and voluntarily waive any right they may have under to judicial
2 review by any court by way of suit, appeal, or extraordinary relief resulting from the entry of
3 Exhibit B, the proposed judgment.

4 14. Meka acknowledges and agrees that this Agreement is entered into freely and
5 voluntarily and that no promise was made or coercion used to induce such entry.

6 15. Meka acknowledges that they have been represented by counsel in this matter, they
7 have reviewed this Agreement with their attorney and understand all terms it contains.

8 16. By consenting to the entry of the Judgment, Meka agrees to refrain from taking any
9 action or to making, or permitting to be made, any public statement denying, directly or indirectly,
10 or calculated to create the impression that the legal conclusions contained in Paragraphs 4 and 5 of
11 the Agreement are without merit.

12 17. While this Order settles the lawsuit between Meka and the Commission, Meka
13 understands that this Order does not preclude the Commission from instituting other administrative
14 or civil proceedings based on violations that are not addressed by the lawsuit.

15 18. Meka understands that this Agreement does not preclude the Commission from
16 referring this matter to any governmental agency for administrative, civil, or criminal proceedings
17 that may be related to the matters addressed by the lawsuit.

18 19. Meka understands that this Agreement does not preclude any other agency or
19 officer of any governmental agency or its subdivisions from instituting administrative, civil or
20 criminal proceedings that may be related to matters addressed by this Agreement or the lawsuit.

21 20. Meka agrees that they will not exercise any control over any entity that offers or
22 sells securities or provides investment advisory services, within or from Arizona.

23 21. Meka understands that default shall render them liable to the Commission for its
24 costs of collection and interest at the legal rate determined by law.

25 22. Meka agrees that they will continue to cooperate with the Securities Division
26 including, but not limited to, providing truthful, complete and accurate testimony at any hearing or

1 trial in this matter and cooperating with any governmental agency in any related investigation or
2 any other matters arising from the activities described in the lawsuit.

3 23. Meka agrees not to challenge the imposition or continuation of the Receivership.

4 24. Each party shall bear its own attorneys' fees and costs.

5 25. Meka acknowledges that this Agreement must be approved by the Commission at a
6 noticed Open Meeting.

7 26. The Commission and Meka agree that upon approval of this Agreement, their
8 counsel shall as soon as practicable execute and cause to be filed the attached Stipulation to Entry
9 of Judgment (Exhibit A to this Agreement) and Judgment (Exhibit B to this Agreement).

10 27. Meka acknowledges that at all relevant times, Meka acted for their individual
11 benefit and for the benefit or in furtherance of their marital community.

12 28. Paul J. Meka and Carol Meka acknowledge that any restitution or penalties imposed
13 by this Order are obligations of Paul J. Meka as well as the marital community.

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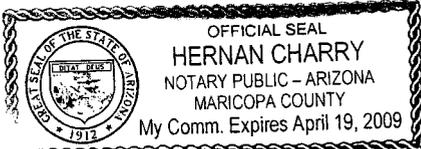
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29. This Agreement resolves the lawsuit brought by the Commission against Meka. It does not resolve the portion of the lawsuit pertaining to any other named Defendant.



Paul J. Meka
Paul J. Meka

SUBSCRIBED AND SWORN TO BEFORE me this 11th day of MAY, 2006.

Hernan Charry
NOTARY PUBLIC

My Commission Expires:
4.19.09

Carol Meka
Carol Meka

SUBSCRIBED AND SWORN TO BEFORE me this 11th day of MAY, 2006.



Hernan Charry
NOTARY PUBLIC

My Commission Expires:
4-19-09

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II.

ORDER

The Arizona Corporation Commission (“Commission”) having reviewed the Settlement Agreement entered into between Paul J. Meka, spouse Carol Meka and the Securities Division of the Commission (“Division”) and finding the Settlement Agreement to be in the public interest, the Commission finds that the following Order is appropriate and in the public interest:

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1 IT IS ORDERED that the Settlement Agreement between the Commission and Meka is
2 approved.

3 IT IS FURTHER ORDERED that this Order shall become effective immediately.

4 **BY ORDER OF THE ARIZONA CORPORATION COMMISSION**

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7 CHAIRMAN

COMMISSIONER

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10 COMMISSIONER

COMMISSIONER

COMMISSIONER

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13 IN WITNESS WHEREOF, I, BRIAN C. McNEIL,
14 Executive Director of the Arizona Corporation
15 Commission, have hereunto set my hand and caused the
16 official seal of the Commission to be affixed at the
17 Capitol, in the City of Phoenix, this _____ day of
18 _____, 2006.

19 _____
20 BRIAN C. McNEIL
21 Executive Director

22 _____
23 **DISSENT**

24 _____
25 **DISSENT**

26 This document is available in alternative formats by contacting Linda Hogan, Executive Assistant
to the Executive Director, voice phone number 602-542-3931, E-mail lhogan@azcc.gov.

(wc)

Exhibit A

ARIZONA CORPORATION COMMISSION

Wendy Coy, #013195
1300 West Washington, 3rd Floor
Phoenix, Arizona 85007
Attorney for Plaintiff
Telephone: (602) 542-0633
Fax: (602) 594-7418

STATE OF ARIZONA

MARICOPA COUNTY SUPERIOR COURT

ARIZONA CORPORATION COMMISSION	)	No. CV2003 005724
)	
Plaintiff	)	STIPULATION FOR ENTRY OF
	)	JUDGMENT
v.)	
	)	RE: PAUL J. MEKA and CAROL MEKA
AMERICAN NATIONAL MORTGAGE)	
PARTNERS, L.L.C., et al.	)	(Assigned to the Honorable Timothy J. Ryan)
)	
Defendants.)	

Plaintiff, the Arizona Corporation Commission and Defendants Paul J. Meka and Carol Meka, hereby stipulate to entry of the attached Judgment.

Dated this _____ day of May, 2006.

ARIZONA CORPORATION COMMISSION

By _____
Wendy Coy
Attorney for the Arizona Corporation
Commission

Dated this _____ day of May, 2006.

MILLER LASOTA & PETERS PLC

By _____
Donald M. Peters, Esq.
Attorney for Paul J. and Carol Meka

1 Copies of the foregoing hand delivered
this ____ of _____, 2006

2

3 Maricopa County Superior Court
4 Honorable Timothy J. Ryan
201 W. Jefferson ECB-614
5 Phoenix, Arizona 85003-2205

6 Copies of the foregoing mailed
this ____ of _____, 2006:

7 James P. Kneller, Esq.
8 7509 E. First St.
9 Scottsdale, Arizona 85251
Attorney for Defendants Rehm and Rutledge

Mark Chester, Esq.
Chester & Shein, P.C.
8777 North Gainey Center Drive, Suite 191
Scottsdale, Arizona 85258
Attorney for Defendant Kesler

10 Larry Wilk, Esq.
11 Jaburg & Wilk
12 3200 N. Central Ave. Suite 2000
Phoenix, Arizona 85012-2440
Attorney for Receiver

Donald M. Peters, Esq.
Miller LaSota & Peters PLC
722 E. Osborn, Suite 100
Phoenix, Arizona 85014
Attorney for Defendant Paul and Carol Meka

13 Michael J. LaVelle
14 Matthew K. LaVelle
LaVelle & LaVelle, PLC
15 2525 East Camelback Road, Suite 888
Phoenix, AZ 85016
16 Attorney for Defendants Sheila Dunning and
Debus, Kazan & Westerhausen

Dustin T. Dudley, Esq.
Israel & Gerity, PLLC
3300 N. Central Avenue Suite 2000
Phoenix, AZ 85012

17 Michael Salcido, Esq.
18 Renaud, Cook & Drury, P.A.
40 N. Central, Suite 1600
19 Phoenix, Arizona 85004
Attorneys for Frank and Gail Caspare

Phil and Tricia Vigarino
41916 N 45th GLN
Phoenix, AZ 85086-1455

20 Larry and Sheila Dunning
21 2914 S. Ocean Blvd.
Highland Beach, FL 33487

Eric Strasser
2851 Bedford Lane #176
Chino Hills, CA 91709

22

23

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25

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Exhibit B

1 **ARIZONA CORPORATION COMMISSION**
Wendy Coy, #013195
2 1300 West Washington, 3rd Floor
Phoenix, Arizona 85007
3 Attorney for Plaintiff
Telephone: (602) 542-0633
4 Fax: (602) 594-7418

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STATE OF ARIZONA
MARICOPA COUNTY SUPERIOR COURT

ARIZONA CORPORATION COMMISSION)	No. CV2003 005724
)	
Plaintiff	)	JUDGMENT
)	
v.	)	RE: PAUL J. MEKA and CAROL MEKA
)	
AMERICAN NATIONAL MORTGAGE	)	(Assigned to the Honorable Timothy J. Ryan)
PARTNERS, L.L.C., et al.)	
)	
Defendants.)	

Upon stipulation of Plaintiff, the Arizona Corporation Commission ("Commission") and Defendants Paul J. Meka and spouse Carol Meka ("Meka") and good cause appearing:

IT IS HEREBY ORDERED pursuant to A.R.S. § 44-2032 Meka shall be permanently enjoined from violations of the Arizona Securities Act, A.R.S. § 44-1801 *et seq.*

IT IS FURTHER ORDERED that judgment shall be entered in favor of the Commission against Paul J. Meka and spouse Carol Meka in the amount of \$81,000.

IT IS FURTHER ORDERED that pursuant to A.R.S. § 44-2037, civil penalty shall be imposed against Paul J. Meka and spouse Carol Meka in the amount of \$30,000. The civil penalty will be reduced to \$19,000 if disgorgement and penalties are paid within six months from the date of this order.

IT IS FURTHER ORDERED that pursuant to A.R.S. § 44-2032, civil penalty for contempt of a prior Commission order shall be imposed against Paul J. Meka and spouse Carol Meka in the amount of \$20,000.

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IT IS FURTHER ORDERED that the Commission and Meka shall bear their own attorneys' fees and costs.

IT IS FURTHER ORDRED that interest shall accrue on all damages at the legal rate of ten percent per annum from date of entry of this Judgment until fully paid.

IT IS FURTHER ORDERED that there is no just reason for delay and this judgment shall be entered immediately.

ORDERED this ____ day of May, 2006.

Honorable Timothy J. Ryan
Judge of the Superior Court

1 Copies of the foregoing mailed
this ____ of _____, 2006:

2 James P. Kneller, Esq.
3 7509 E. First St.
4 Scottsdale, Arizona 85251
Attorney for Defendants Rehm and Rutledge

Mark Chester, Esq.
Chester & Shein, P.C.
8777 North Gainey Center Drive, Suite 191
Scottsdale, Arizona 85258
Attorney for Defendant Kesler

5 Larry Wilk, Esq.
6 Jaburg & Wilk
7 3200 N. Central Ave. Suite 2000
Phoenix, Arizona 85012-2440
Attorney for Receiver

Donald M. Peters, Esq.
Miller LaSota & Peters PLC
722 E. Osborn, Suite 100
Phoenix, Arizona 85014
Attorney for Defendant Paul and Carol Meka

8 Michael J. LaVelle
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2525 East Camelback Road, Suite 888
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